

# Smartlink US Dollar Managed Fund

## February 2017



BLOOMBERG: AZUSMGD:IJ

### INVESTMENT OBJECTIVE

The objective of the fund is to provide relatively stable income with capital preservation for the long term in U.S. Dollars.

### INVESTMENT STRATEGY

To achieve the investment objective, this fund shall be invested 0-20% in short-term instruments (such as deposits), and 80-100% in the medium-or long-term instruments (such as government bonds, corporate bonds, and / or fixed-income funds), in U.S. Dollars.

### PERFORMANCE INDICATOR

#### Return Performance

Last 1-year Period	<b>7.44%</b>
Best Month	<b>9.61%</b> Dec-08
Worst Month	<b>-10.66%</b> Oct-08

#### Portfolio Breakdown

Treasury Bonds	<b>71.52%</b>
Govt. Related Bond	<b>9.60%</b>
Cash/Deposit	<b>18.88%</b>

#### Top Five Bonds Holding

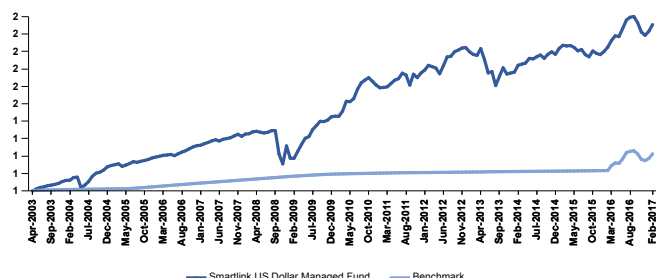
RI-2024	<b>4.75%</b>
RI-2021	<b>4.48%</b>
RI-2026	<b>4.46%</b>
RI-2038	<b>4.32%</b>
RI-2044	<b>4.02%</b>

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink US Dollar Managed Fund	<b>2.11%</b>	<b>2.31%</b>	<b>-2.20%</b>	<b>7.44%</b>	<b>14.25%</b>	<b>3.40%</b>	<b>103.75%</b>
Benchmark*	<b>2.35%</b>	<b>2.82%</b>	<b>-1.29%</b>	<b>9.20%</b>	<b>9.77%</b>	<b>3.50%</b>	<b>22.94%</b>

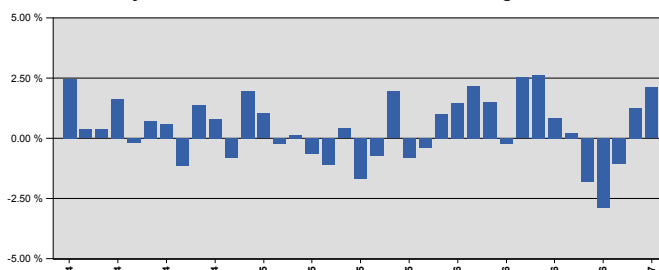
\*80% Bloomberg USD Emerging Market Indonesia Sovereign (BEMSID) Index and 20% Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank

(Benchmark assessment; before Mar 2016: Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank)

Unit Price Curve of Smartlink US Dollar Managed Fund (Since Inception)



Monthly Performance of Smartlink US Dollar Managed Fund



### KEY FUND FACTS

<b>Fund Size (in mio USD)</b>	: USD 47.88
<b>Risk Profile</b>	: Moderate
<b>Launch Date</b>	: 07 Apr 2003
<b>Fund Currency</b>	: United States Dollar
<b>Managed by</b>	: PT Asuransi Allianz Life Indonesia

Pricing Frequency	: Daily	
Price per Unit	<i>Bid</i>	<i>Offer</i>
(As of Feb 28, 2017)	: USD 1.9356	USD 2.0375
Bid-Offer Spread	: 5.00%	
Management Fee	: 1.00% p.a.	

### MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Feb 2017 inflation at 0.23% mom (vs consensus 0.30%, 0.97% in Jan 2017), mostly was caused by higher process food, beverages, cigarette and tobacco. On yearly basis, inflation was higher to 3.83% YoY (vs consensus 3.90%, 3.49% in Jan 2017). Core inflation printed at 3.41% YoY, higher than previous month at 3.35% YoY. In the Board of Governors' Meeting on 14 and 19 Feb 2017, Bank Indonesia maintained the 7-day reverse repo rate at 4.75%, also Deposit Facility (DF) at 4.00% and Lending Facility (LF) at 5.50%. Rupiah depreciated by -0.03% to 13,347/USD at end of Feb 2017 as opposed to 13,343/USD previous month. Trade balance booked a surplus of +US\$1.4bn (non-oil and gas surplus +US\$1.93bn, oil and gas deficit US\$-0.54bn) in Jan 2017. Export rose by +27.71% YoY mostly driven by rubber exports, while imports rose by +14.54% YoY. FX Reserves rose by USD 3.01bn from USD 116.89bn in Jan 2017 to USD 119.9bn in Feb 2017 on the back of tax income, oil and gas export, government foreign loan drawdown also income from foreign currency bonds issuance.

USD government bond yields lower all across the curve in Feb 2017, which supported by global sentiment from US NFP data and positive ratings outlook by Moody's on Indonesia from domestic side. However, global uncertainty has made most players took wait and see stance for positive fresh catalyst especially for further detail of Trump's policies. Furthermore, Yellen in her Feb 14 speech mentioned that it may be appropriate for the central bank to raise interest rates at one of its upcoming meetings caused cautious mode in the market. Local players still gave strong supports throughout the month and managed to push the yield down by the end of month. Total nonfarm payroll employment increased by 227,000 in Jan 2017 above consensus of 175,000. However on their wage, over the year, average hourly earnings have risen by 2.5%, below consensus of 2.7% and from 2.8% in Dec 2016. The weak wage growth from US NFP data indicates the possibility of not too aggressive the Fed rate hike. Indonesia's CDS 5yr level improved from 146/151 to 127/131. The 5Y yield Feb 2017 ended -31bps lower to 3.08% (3.39% in Jan 2017), 10yr tenor ended -30bps lower to 3.86% (4.16% in Jan 2017), and 30yr ended -26bps lower to 4.82% (5.08% in Jan 2017).

In regards to our recent portfolio strategy we maintain duration strategy (below benchmark duration) and will opportunistically add weight again should there be a correction in the fixed income market.